

**Belgian
Corporation
for International
Investment**

Our mission:

“To provide capital and know-how for international investments made by Belgian private sector companies.”

The economic scenery is rapidly changing. Today, in addition to the more traditional markets (Western Europe, North America and Japan), an increasing number of countries in Asia, Latin America, Africa and Central and Eastern Europe are establishing market economy structures while gradually opening up their markets to foreign trade and investment; creating business opportunities for both local companies and Belgian enterprises wishing to enter or further penetrate those markets. However, in those developing or transitional countries, adequate financing is often not readily available.

17%

5%



About us

BMI-SBI* is a unique semi-public finance institution on federal level active in the co-financing of business ventures by Belgian private companies abroad. International expansion has become increasingly important for Belgian enterprises wanting to acquire or even maintain an economically sound position in today's increasingly globalized economy. To that end, BMI-SBI supports projects that are of general economic interest, (to both Belgium and the host country), financially viable and that offer realistic prospects of profitability whilst respecting the principles of social corporate responsibility.

In concert with the Belgian company, BMI-SBI offers tailor-made solutions taking into consideration the particular needs and risk profile of each individual project. As BMI-SBI sets out to be a genuine long-term partner, it provides comprehensive support as well as co-financing.

Since its creation in 1971, BMI-SBI has invested in over 300 projects in more than 50 countries.

* Belgische Maatschappij voor Internationale Investering N.V.
Société Belge d'Investissement International S.A.

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Our products

Tailor-made financial products

The financial interventions of BMI-SBI are tailor-made and designed in such a way that the tools used and the returns expected reflect the risk involved in the respective projects and countries. The financial products offered mirror the broad spectrum of possibilities at our disposal and include equity participations, quasi-equity capital as well as long-term loans.

- EQUITY

BMI-SBI offers equity participations, which are always a minority stake, on the level of the foreign entity. The amount of its participation can range between € 150,000 and 2,500,000, possibly higher via syndication. BMI expects at least an equal contribution, preferably in cash, by the Belgian industrial partner.

Clearly defined exit terms, related to the value created by the project, are negotiated from the outset. BMI-SBI seeks a return on equity that is in line with market conditions and tends to exit from a project after a period of five to ten years via contractual put and call options, trade sale or IPO. This exit strategy allows the Belgian partner to consolidate its shareholder position in the investee company.

- QUASI-EQUITY

BMI-SBI can also offer a range of quasi-equity products. Commonly subordinated loans are provided on the level of the foreign subsidiary, often combining a fixed interest rate with a profit sharing aspect and, occasionally including conversion options. The term and grace periods are tailored in a project specific manner.

Geographical
coverage



- MEDIUM- AND LONG-TERM LOANS

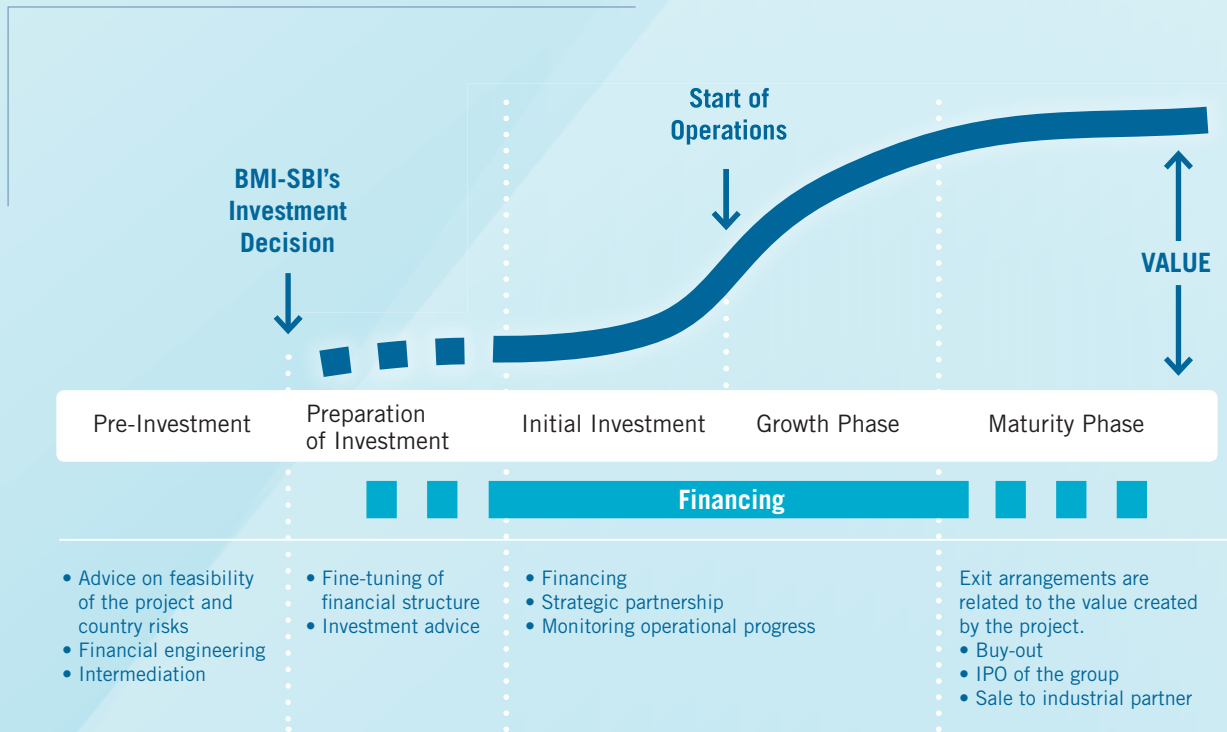
Complementary to the equity and/or quasi-equity investment tools, BMI-SBI can also offer medium- and long-term straight loans. Their term usually ranges between 5 to 10 years with a grace period of 2-3 years. The interest rates are market oriented.

Foreign investment advice

The Belgian industrial partner can avail itself of the experience and know-how that BMI-SBI has gained over more than 35 years of worldwide operations.

As from the project development stage, BMI-SBI can provide advisory services to the Belgian partners with regard to possible types of finance in view of finding the optimal financial structure for the project. These advisory services can also include institutional support to the Belgian promoter in its negotiations with local partners and the arranging of contacts with the local authorities and institutions. Through its networks, both in Belgium and abroad, BMI-SBI can assist in mobilizing other providers of additional finance. Also the fact that BMI-SBI is a government-related institution may often benefit the project as it might be valuable to create trust and enhance the confidence of foreign partners and/or authorities towards the project.

Project overview



Our investment partners

BMI-SBI's financial means can, in certain cases, be leveraged with considerable external financing capacities. It has received two endowments from the federal government and has concluded cooperation agreements with both the Flemish and Walloon government. BMI-SBI also has privileged contacts with a number of international and supranational institutions (IFC, EIB, EBRD). Through EDFI – an association of 13 European Development Finance Institutions – it has access, indirectly, to the considerable financial means of its members. Several larger Belgian projects have thus already been co-financed by DEG, the German Development Corporation.

In 2002, the Belgian Government and BMI-SBI established a 50/50 joint venture BIO (Belgian Investment Company for Developing Countries). BIO is not tied to Belgian interest and has been set up to promote and support private sector development in developing countries by providing finance to SMEs, mainly through local financial institutions in developing countries in particular in “priority countries” as defined by the Government.

CASE STORIES:

→ Palm oil in Papua New Guinea

The Belgian partner in this project is a stock quoted holding company active in the agro-industrial field, more particularly the development and management of plantations. The project to be financed consisted of the rehabilitation and expansion of the existing activities of an oil palm plantation company (Hargy Oil Palms Ltd.) located in the Western New Britain Province of Papua New Guinea. The plantation forms a nucleus estate with a mill processing facility for the Fresh Fruit Bunches (FFB) of its own plantations as well as for the FFB grown and sold by over 3,500 smallholders who, together with their families, rely on the processing mills for their livelihood.

From 2000 until 2003 the company carried out an extensive investment scheme for the rehabilitation and expansion of the plantation areas (up to a total planted area of 8,066 ha) and processing facilities. The total investment over this period amounted to EUR 28 million of which EUR 12.5 million was financed through long-term loans by 2 EDFI-members, the German DEG and BMI-SBI, who made use of the ECFI III Facility of the European Investment Bank (EIB) to refinance part of this amount.

The main investments consisted of:

- Replanting of oil palm trees on the existing plantations and new plantations;
- Rehabilitation and modernization of the existing palm oil mill and increase of its capacity;
- Building of a new palm oil mill needed to process the increased output of the company's own plantations as well as the output of an increasing number of smallholders;
- Investment in a new environmental treatment system for palm oil waste (effluent/ empty fruit bunches) that is transformed into compost to be used as organic fertilizer on the plantations.

In addition to its profitability, this project combines significant effects in local development with care for the environment and as such perfectly fits into BMI-SBI's business principle of corporate social responsibility.

Investment partners of BMI-SBI in Asia include: IBA (cancer diagnosis) – Stokota (special industrial vehicles) – SIPEF (agro industry) – Sterigenics (medical sterilization solutions) – Vincent Sheppard (loom furniture) – Magotteaux (grinding process and wear mechanisms), ...



→ Textile weaving in Brazil

As Belgian textiles are renowned worldwide, the number 2 company in the field of mattress ticking, a sector dominated by Belgian companies, decided to pursue its international growth in order to strengthen its position in the global market place.

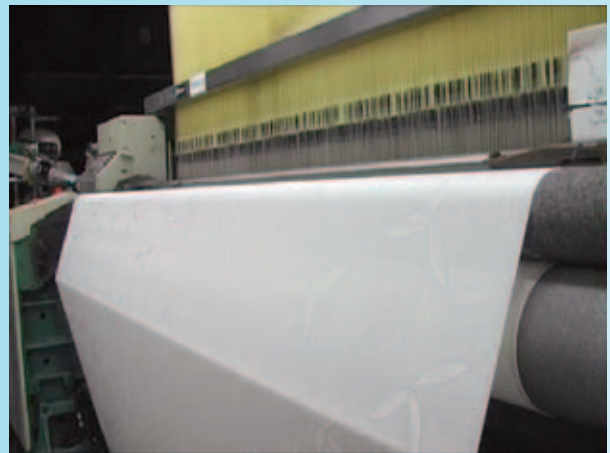
The main products are mattress ticking or mattress fabrics which are interior textiles supplied to mattress- and bedding manufacturers who, in turn, use these products as the outside cover of mattresses. Product wise, a distinction should be made between:

- Knitted mattress ticking which represent the high end of the market;
- Woven 'jacquard' or 'damask' mattress ticking which represent the medium to high end of the market.

Prior to its investment in Brazil, the Belgian partner already operated production facilities in the US and Indonesia. In 2005, the group realized with 500 employees a consolidated turnover of around 70 mio EUR.

At the end of 2005-beginning of 2006, the group converted its existing sales office in Brazil into a fully-fledged production unit for woven mattress ticking earmarked for the Central- and South American markets with a key focus on the Mercosur countries, primarily Brazil and Argentina. To this end, a factory was built in Sumaré, close to Sao Paulo, entailing an investment cost of approximately 4 mio USD. The Belgian partner solicited BMI-SBI to co-finance this project in Brazil for a total amount of 1.25 mio USD (equity in conjunction with a subordinated term loan), hence seeking to reduce the risk of its investment in one of the so-called BRIC countries.

Investment partners of BMI-SBI in the Americas include: Manuchar (logistics service) – DesleeClama (textile industry) – Deroose Plants (tropical plants) – Resilux (pet preforms and bottles) – Machiels (environmental management & logistics), ...



→ Outdoor lighting in Ukraine

Already in 1990, a Belgian group, specialized in the manufacturing of outdoor lighting, gained a foothold in the (former) Soviet Union by establishing a joint venture company in the region of Ternopil (500 km west of the city of Kiev). The local joint venture partner was at that point in time a State Owned Enterprise that, some years after this operation, became privatized.

In order to inject state of the art technology into this joint venture, a comprehensive investment program amounting to approximately EUR 3 million was initiated.

Given the risk profile of the region and its former experience with BMI-SBI as a risk-capital provider through a previous joint investment in the People's Republic of China, the Belgian partner requested BMI-SBI to participate in the financing of its Soviet Union project by taking an initial stake of 23% (approximately EUR 0.5 million) in the equity capital of the joint venture company at its side (28%) and the local State Owned Enterprise (initially 51%, presently reduced to 20%).

Following the independence of Ukraine, the joint venture company now primarily focuses on the local Ukrainian market for the sale of its products (public lighting and decorative lighting). Its turnover is mainly generated by public lighting projects in major cities such as Kiev, Dnipopetrovsk, Odessa, etc... Notable are for instance the realization of the lighting projects for the Puppet Theatre, the Eurovision 2005, the Paton and Moscovsky bridges in Kiev.

Besides this Ukrainian co-investment, BMI-SBI is also at present participating in the financing of the Hungarian subsidiary of this Belgian group. In the past, BMI-SBI has also co-financed other international business ventures by this group in China, Turkey and Vietnam.



Investment partners of BMI-SBI in Central and Eastern Europe include: LVD (machine tools) – Resilux (pet preforms and bottles) – Schröder (lighting equipment) – Boortmalt (food industry) – Buchmann (optical products) – Versele-Laga (animal feed), ...

Our business principles

CORPORATE GOVERNANCE AND ACTIVE FOLLOW UP

BMI-SBI carefully respects the managerial independence of the investee companies.

Through its presence on the Board of Directors of the foreign entity, and regular contacts with the Belgian partner, BMI-SBI ensures an active follow-up of the project and provides assistance and mediation if needed and with due respect for the 'corporate governance'-principles.

PARTNER PROFILE

BMI-SBI co-finances foreign projects by Belgian companies that already have a relevant track record and that want to start or expand the internationalization of their activities via a foreign investment. The Belgian partner can be a dynamic SME, a medium-size enterprise as well as a large company quoted on the stock exchange. Our partners include renowned Belgian companies, often leaders in their sector.

NATURE OF THE PROJECTS

New projects ('greenfields'), expansions of existing projects and acquisitions of existing companies abroad fall within the scope of co-financing by BMI-SBI. Both wholly owned foreign subsidiaries and joint ventures with a local partner can be considered; in the latter case, a majority equity holding by the Belgian company (possibly together with BMI-SBI) is strongly recommended, if not required.

With regards to the type of industry, the current portfolio of BMI-SBI is highly diversified and reflects the most prominent sectors of the Belgium economy. Preference goes to investments in industrial projects but valuable projects in the service sector are not excluded.

Projects that lack a favorable impact on the Belgian economy, such as pure delocalization projects, cannot be taken into consideration.

COUNTRY POLICY

Under its company charter, BMI-SBI can invest worldwide. Obviously, its experience lies in the more remote and difficult regions, where its advice, mediation and its active support form an appreciated added value.

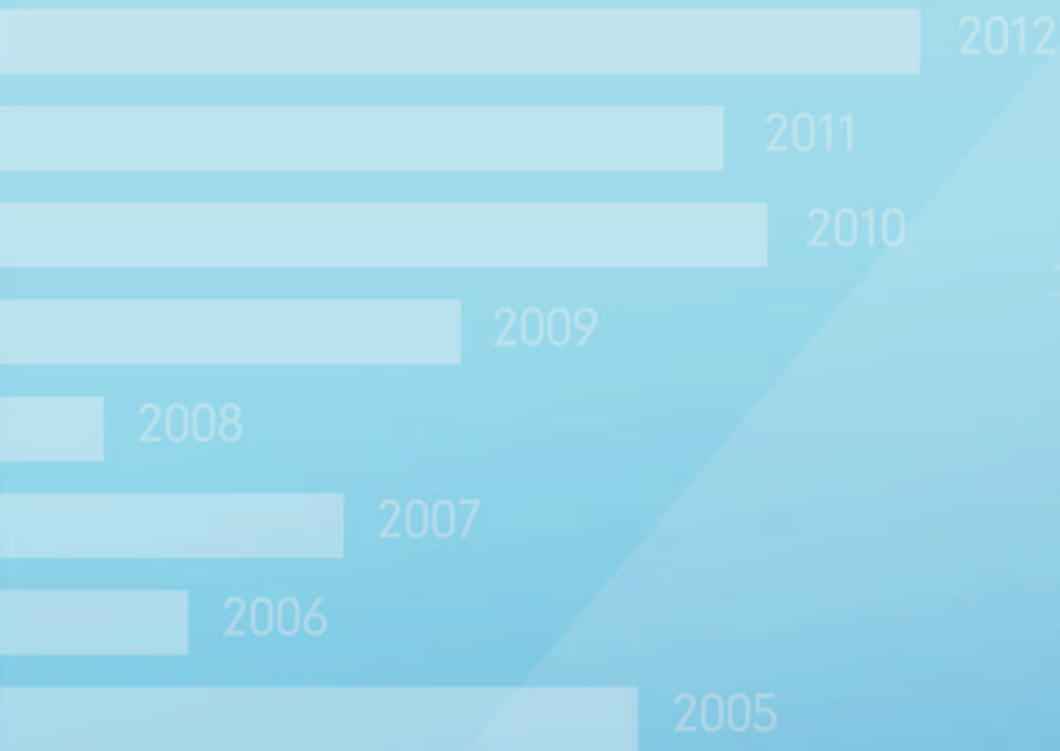
CORPORATE SOCIAL RESPONSIBILITY

"A global human society based on poverty for many and prosperity for a few, characterized by islands of wealth, surrounded by a sea of poverty, is unsustainable."

BMI-SBI invests in private enterprise projects that are profitable, environmentally and socially acceptable and make a lasting contribution to development.

Environmental and social compatibility are a prerequisite for BMI-SBI. Projects should thus adhere to internationally accepted guidelines for environmental protection and social standards and respect or institute appropriate working conditions. Moreover, only enterprises that are successful and capable of surviving in the long term can generate genuine economic growth. Hence, BMI-SBI will not only assess if, and to what degree, each particular project reaches the target of an adequate return on equity, but it will also evaluate the project's long-term profitability and therefore its ability to bring about sustainable growth.

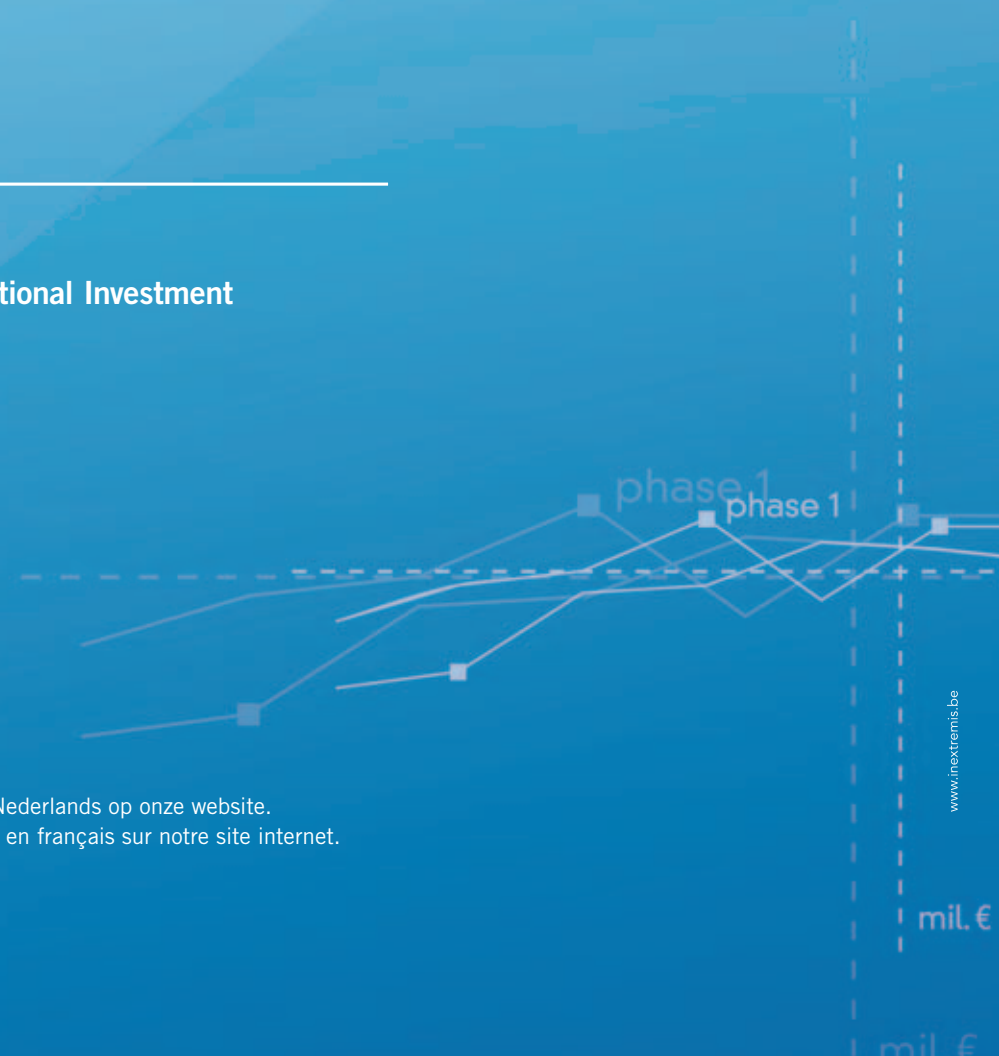




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